

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSIONS COMMITTEE

HELD AT 6.30 P.M. ON THURSDAY, 12 JANUARY 2023

**COMMITTEE ROOM ONE - TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present in Person:

Councillor Bellal Uddin
Councillor Iqbal Hossain
Councillor Abdul Malik
Councillor Rachel Blake
Councillor Abdal Ullah
Councillor Ahmodur Khan Substituting for Councillor Abdul Mannan
Kehinde Akintunde GMB Union Representative

Members In Attendance Virtually:

Councillor Ayas Miah

Apologies:

Councillor Abdul Mannan

Others Present in Person:

Colin Robertson	Independent Investment Advisor (Pensions Committee)
Steve Turner	Mercer - Senior Investment Consultant
Sandeep Chandarana	Mercer
Barry Dodds	Actuary
David Stephen Thompson	(Representing Pensions Board)

Officers Present in Person:

Miriam Adams	Interim Head of Pensions and Treasury
Carole S Bowes	(Employment Lawyer, Legal Services, Directorate Law, Probity and Governance)
Nisar Visram	(Director of Finance, Procurement & Audit)
Farhana Zia	Democratic Services Officer

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Abdul Mannan. Councillor Ahmodur Khan was substituting for Councillor Abdul Mannan.

Apologies for absence were also received from Mr John Jones, Independent Chair of the Pensions Board. Mr David Thompson, vice-chair of the Pensions Board was substituting for Mr Jones.

1. DECLARATIONS OF INTERESTS

There were no pecuniary declarations of interest declared at the meeting by members.

2. MINUTES OF THE PREVIOUS MEETING(S)

The unrestricted minutes from the meeting of 31st October 2022 were agreed to be an accurate record of the meeting and were approved by the Committee.

3. PETITIONS

No Petitions relating to the matters for which the Pensions Committee is responsible had been received by the Officer.

4. SUBMISSIONS / REFERRALS FROM PENSION BOARD

Mr David Thompson, Vice-Chair of the Pensions Board presented his report on behalf of the Pensions Board.

Mr Thompson referred members to the written submission at page 13 of the agenda and said the Board had met on the 28th November 2022.

He informed members they had received a training session from Wellington Asset Management on Climate Change and ESG which was informative and encouraged discussion on the Fund's climate change policy. Mr Thompson said the Board also discussed the LAPFF voting recommendations and why managers voted opposite to the recommended options.

He said the Board noted the staffing position in relation to the Pensions Team and were very pleased with the progress which had been made.

In response to comments and questions from members the following was noted:

- Members of the Committee had no questions for Mr Thompson relating to this report.

The Chair thanked Mr Thompson for attending the meeting.

5. REPORTS FOR CONSIDERATION**6. TRAINING EVENTS**

Ms Miriam Adams reiterated to Members to complete the training modules that are available from Hymans Robertson. She said she received a monthly update on the number of members who had logged on and completed the

bitesize training modules and said it was vital for members to keep up to date with the regulatory changes and other changes in the pension field.

Ms Adams said this training was provided in addition to the training sessions held by the Committee such as the asset allocation training scheduled for February 2023.

In response to comments and questions from members the following was noted:

- Councillor Iqbal Hossain said he had completed the modules however the website had not updated to show them as completed.
- **Action:** Ms Adams requested Councillor Hossain to contact her so she could help resolve this issue.

7. ANY OTHER BUSINESS CONSIDERED TO BE URGENT

There was no other business to be discussed.

8. EXCLUSION OF PRESS AND PUBLIC

The Chair **MOVED** and it was

RESOLVED

“That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.”

Councillor Rachel Blake enquired why reports appended to the agenda were restricted and said she did not feel this was appropriate for all the reports before the Committee. Councillor Blake requested the Chair to ensure information that could be in the public domain was in the public domain at future meetings of the Committee.

9. RESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

The restricted minutes from the meeting of 31st October 2022 were agreed to be an accurate record of the meeting and were approved by the Committee.

9.1 Carbon Foot Print Audit 31 March 2022

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the report and stated the Fund's Weighted Average Carbon Intensity (WACI) score had increased since it was last measured in June 2021. However, Ms

Adams said the Carbon Footprint had reduced by 46% since June 2021 with Absolute Emissions reducing by 33%.

The Pensions Committee **RESOLVED** to:

1. Note the contents of this report and appendix
2. Note the progress in terms of climate change reporting made by the Fund since 2017
3. Agree to a continued dialog with London CIV and other investment managers on their climate related data improvement plan
4. Agree that the data forms the basis of 2021/22 TCFD reporting and updating of the Net Zero pathway.
5. Agree to continue to refine the metrics in future to take into account scope 3 emissions as well as incorporating renewable energy infrastructure investments.

9.2 Actuarial Valuation at 31 March 2022 Initial Results

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the report and stated that report and appendix provided the Committee with a summary of the whole fund results of the 2022 triennial valuation. Ms Adams said that an LGPS Pension Fund was required under the regulations to undergo a full actuarial valuation every three years, with the results determining the contribution rates for each employer within the Fund for the following three years.

The Pensions Committee **RESOLVED** to:

1. Consider and agree the results (appendix 1)
2. Note that since the last valuation, the main factor driving the funding position improvement was stronger than expected investment returns. These have more than offset the increase in short to medium-term inflation expectations.
3. Note the employer contribution results for the Council (appendix 2)

9.3 Quarterly Investment Performance Review

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the report and stated the report informed members of the performance of the Pension Fund Investments and its investment managers for the quarter ending September 2022.

The Pensions Committee **RESOLVED** to:

1. Note the content of this report.
2. Note the Independent Adviser quarterly commentary (Appendix 1).
3. Note the performance reports and manager rating (Appendix 2)

9.4 Asset Allocation - Affordable Housing

Ms Miriam Adams, Interim Head of Pensions and Treasury explained that the Committee had over a period considered several strategic asset allocation changes. One of these was investment in the Affordable Housing asset class via the London CIV. Ms Adams said a 5% allocation to the Affordable Housing asset class was being proposed and she said this would be reviewed at the March and June 2023 meetings of the Committee.

The Pensions Committee **RESOLVED** to:

1. Note the report and appendix
2. Agree a 5% strategic asset allocation to Affordable Housing and for this to be funded from a reduction in the London CIV Diversified Growth Fund, managed by Baillie Gifford.
3. Agree to invest in the Affordable Housing asset class via newly set up London CIV UK Housing Fund.
4. Agree that officers confirm the Committee's decision to London CIV.
5. Agree to request that London CIV provide periodic feedback on the risks and mitigants highlighted by the Investment Adviser.

9.5 Absolute Return Bond Fund Review

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the report recommended the review of the investment managers of the Absolute Return Bond Funds whose mandates had been terminated in the past, however due to the speed of LCIV Renewable Energy fund drawdown it had been impossible to fully liquidate both investments.

The Pensions Committee **RESOVLED** to:

1. Note the report and appendix.
2. Consider the suggested investment options.
3. Agree to continue delegation of actions relating to the termination of both managers to the Interim Corporate Director Resources.
4. Note procurement will be outside of LCIV Pool
5. Agree to delegate procurement of a replacement investment option to the Interim Corporate Director Resources.

10. EXCLUSION OF ADVISORS AND GUESTS OF THE COMMITTEE

The Chair **MOVED** and it was

RESOLVED

“That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.”

ADVISORS AND GUESTS WERE EXCLUDED FOR THE REMAINING ITEM ON THE AGENDA.

10.1 Investment Adviser Objectives and Regulatory Changes to CMA Order

Ms Miriam Adams, Interim Head of Pensions and Treasury updated members on the recent regulatory changes on the Competition and Markets (CMA) Investment Consultancy and Fiduciary Market Investigation Order 2019 (“the Order”) and the performance of the Fund’s Investment Consultants against the strategic objectives set and agreed at their meeting of 28th November 2019, for the Council’s Investment Consultancy providers in accordance with the requirement of the order.

The meeting ended at 8.57 p.m.

Chair, Councillor Bellal Uddin
Pensions Committee